

# MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

## PART I: GENERAL INFORMATION

<b>Type of Requestor:</b> (x) HCP ( ) IE ( ) IC	<b>Response Timely Filed?</b> (x) Yes ( ) No
Requestor's Name and Address Vista Medical Center Hospital 4301 Vista Road Pasadena, Texas 77503	MDR Tracking No.: M4-04-2248-01
	TWCC No.:
	Injured Employee's Name:
Respondent's Name and Address TIG Premier Insurance Company P O Box 152870 Irving, Texas 75015-2870 Box 28	Date of Injury:
	Employer's Name: Ivie Lee Limited
	Insurance Carrier's No.: B00091161

## PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
11/08/02	11/09/02	Surgical Admission	\$14,719.35	\$2,940.73

## PART III: REQUESTOR'S POSITION SUMMARY

"According to the literal interpretation of TWCC Rule 134.401 and the further clarification by the TWCC from QRL 01-03, a Carrier may not 'deduct' any carve-out costs listed in Rule 134.401(c)(4). Further, additional reimbursement for implants or any other 'carve-out costs' shall only be reimbursed at cost plus 10% if the stop-loss threshold is NOT met. Therefore, in this instance, the Carrier has severely under-reimbursed the billed charges, despite the clear language in the Texas Administrative Codes and further clarification by the TWCC in QRL 01-03."

## PART IV: RESPONDENT'S POSITION SUMMARY

"Based on audit and the available medical information, the adjusted total charges amount to \$30,381.04. This adjusted total was reached by taking the total billed charges, subtracting a total of \$19,625.80 (\$19,610.30 for the usual and customary adjustment and \$15.50 for the unrelated charges). The amount was further reduced per the Texas Workers' Compensation Commission's Adopted Rules and Fee Guidelines and negotiated contract rates. Payment was at a 'fair and reasonable' rate."

## PART V: MEDICAL DISPUTE RESOLUTION REVIEW SUMMARY, METHODOLOGY, AND/OR EXPLANATION

This dispute relates to inpatient services provided in hospital setting with reimbursement subject to the provisions of Rule 134.401 (Acute Care Inpatient Hospital Fee Guideline). The hospital has requested additional reimbursement according to the stop-loss method contained in that rule. Rule 134.401(c)(6) establishes that the stop-loss method is to be used for "unusually costly services." The explanation that follows this paragraph indicates that in order to determine if "unusually costly services" were provided, the admission must not only exceed \$40,000 in total audited charges, but also involve "unusually extensive services."

After reviewing the information provided by both parties, it does **not** appear that this particular admission involved "unusually extensive services." Accordingly, the stop-loss method does not apply and the reimbursement is to be based on the per diem plus carve-out methodology described in the same rule. The operative report indicates that this was an anterior neck fusion. The operative report also indicates there were no problems noted and the injured worker was sent to the recovery room in satisfactory condition.

The carrier denied some of the services per a negotiated contract. The provider has indicated in their position statement that a contract does not exist between the parties, therefore, this dispute will be reviewed per stop-loss rule 134.401 and the other denials noted on the EOBs.

The carrier denied the implants with the denial of F-reimbursement was calculated using the stop loss method.

In determining the total audited charges, it must be noted that the insurance carrier has indicated some question regarding the charges for the implantables. The requestor billed \$8,920.00 for the implantables. The carrier paid \$3,594.23 for the implantables based on a cost plus 10% approach. The key issue is what amount would represent the usual and customary charges for these implantables in determining the total audited charges. The requestor did not provide the Commission with any documentation on the actual cost of implantables or how their charges were derived.

Based on a review of numerous medical disputes and our experience, the average markup for implantables in many hospitals is 200%. Since the requestor did not present any documentation supporting their cost or charge, we will apply this average mark-up to the cost amount derived from the carrier's payment in order to determine the amount to use in the total audited charges. Based on a reimbursement of \$3,594.23, it appears that the carrier found that the cost for the implantables was \$3,267.48 (reimbursed amount divided by 110%). This amount multiplied by the average mark-up of 200% results in an audited charge for implantables equal to \$6,534.96.

The total audited charges associated with this admission equals \$50,006.84. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to \$37,505.13. The Requestor billed the Respondent \$50,006.84 and received payments of \$22,785.78.

Based on the facts of this situation, the parties' positions, and the application of the provisions of Rule 134.401(c), we find that the health care provider is entitled to an additional reimbursement amount for the implantables in the amount of \$2,940.73.

Therefore, based on the facts of this situation, the parties' positions, and the application of the provisions of Rule 134.401(c), we find that the health care provider is entitled to an additional reimbursement.

#### PART VI: COMMISSION DECISION

Based upon the review of the disputed healthcare services, the Medical Review Division has determined that the requestor is entitled to additional reimbursement in the amount of \$2,940.73. The Division hereby **ORDERS** the insurance carrier to remit this amount plus all accrued interest due at the time of payment to the Requestor within 20 days of this Order.

Ordered by:

Michael Bucklin

04/19/05

Authorized Signature

Typed Name

Date of Order

#### PART VII: YOUR RIGHT TO REQUEST A HEARING

Either party to this medical dispute may disagree with all or part of the Decision and has a right to request a hearing. A request for a hearing must be in writing and it must be received by the TWCC Chief Clerk of Proceedings/Appeals Clerk within 20 (twenty) days of your receipt of this decision (28 Texas Administrative Code § 148.3). This Decision was mailed to the health care provider and placed in the Austin Representatives box on \_\_\_\_\_. This Decision is deemed received by you five days after it was mailed and the first working day after the date the Decision was placed in the Austin Representative's box (28 Texas Administrative Code § 102.5(d)). A request for a hearing should be sent to: Chief Clerk of Proceedings/Appeals Clerk, 7551 Metro Center Drive, Suite 100, Austin, Texas, 78744 or faxed to (512) 804-4011. A copy of this Decision should be attached to the request.

The party appealing the Division's Decision shall deliver a copy of their written request for a hearing to the opposing party involved in the dispute.

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**

#### PART VIII: INSURANCE CARRIER DELIVERY CERTIFICATION

I hereby verify that I received a copy of this Decision and Order in the Austin Representative's box.

Signature of Insurance Carrier: \_\_\_\_\_ Date: \_\_\_\_\_